

**County of Riverside  
Transportation Department**

**Disadvantaged Enterprise Program  
Federal Fiscal Year 2001/2002 Goal Methodology and Calculations**

**I. DOT-Assisted Contracting Program for Federal Fiscal Year  
2001/2002**

Work Category	NAICS <sup>(1)</sup>	Est. Contracts FY 2000/2001	% of Federal Funding by Work Category
Construction (incl. Materials and Trucking)	23	\$7,520,000	95.78%
Consulting Services	54	\$331,000	4.22%
Totals:		\$7,851,000	100.00%

**II. Goal-Methodology**

**A. Construction:**

Numerator: Caltrans DBE directory of firms, with the following modifications made:

1. Filtered for construction work codes
2. Filtered for contractors that operate within the four-County market area that generally serves Riverside County’s contracting needs<sup>(2)</sup>.

Which results in 838 identified available DBE firms.

Denominator: The total number of construction companies within Riverside County’s four County market area<sup>(2)</sup> based on the U.S. Census Bureau “County Business Patterns” statistics for 1999 (NAICS<sup>(1)</sup> Code 23), which is the most recent available year of data:

<u>Caltrans DBE County Code</u>	<u>NAICS<sup>(1)</sup> County Code</u>	<u>County Name</u>	<u>Number of firms</u>
19	037	Los Angeles	12,100
30	059	Orange	5,927
33	065	Riverside	3,200
36	071	San Bernardino	<u>2,771</u>
Total Construction firms:			23,998

Ratio (Construction):  $\frac{838}{23,998} = 3.49\%$

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**B. Consulting Services:**

Numerator: Caltrans DBE directory of firms, with the following modifications made:

1. Filtered for consulting services work codes
2. Filtered for consultants that operate within the four-County market area that generally serves Riverside County’s consulting needs<sup>(2)</sup>.

Which results in 798 identified available DBE firms.

Denominator: The total number of consulting companies within Riverside County’s four County market area<sup>(2)</sup> based on the U.S. Census Bureau “County Business Patterns” statistics for 1999 (NAICS<sup>(1)</sup> Code 54), which is the most recent available year of data:

Caltrans DBE County Code	NAICS <sup>(1)</sup> County Code	County Name	Number of firms
19	037	Los Angeles	24,453
30	059	Orange	10,120
33	065	Riverside	1,967
36	071	San Bernardino	1,747
Total Consulting firms:			38,287

Ratio (Consulting):  $\frac{798}{38,287} = 2.08\%$

**C. Base figure calculations:**

$$\text{Base figure} = 0.9578 \left( \frac{838}{23,998} \right) + 0.0422 \left( \frac{798}{38,287} \right) = 0.034326$$

Base figure = 3.4%

**D. Adjustments to the base figure:**

**1. Current Capacity of DBE’s measured by actual attainments**

Recent DBE statistics for the Riverside County Transportation Department are as follows:

	1999 / 2000	2000 / 2001 (Old Program)	2000 / 2001(to date) (New Program)
Overall Annual Goal:	10%	10%	4.45%
Cumulative Project Goal:	11.71%	12%	6%
Cumulative DBE Participation:	12.45%	14.87%	7.25%
No. of FHWA Contracts:	10	7	2

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It is the opinion of the Transportation Department that the former DBE program statistics do not accurately reflect the current capacity of DBE's within the Riverside County market area, and that the new program data is a more accurate indication of the local market capacity.

The County of Riverside bidder's list provides no additional data that appears to be relevant to the establishment of the base goal. However, the difference between the attainment ratio and the cumulative project goals is indicative of race-neutral effects on the bidding process in achieving DBE participation, and is proposed as the race-neutral component elsewhere herein.

It has been observed that DBE utilization by prime contractors tends to be primarily in certain types of construction, such as paving, minor concrete construction, reinforcing steel fabrication, traffic control, trucking and furnishing certain types construction materials, and appears to be absent and difficult to attain in some types of subcontract work, such as storm water pollution prevention (SWPP), rip rap, clearing and grubbing, pipe installation and materials, fencing, major concrete paving, pile driving and drilling, and cold planing.

The calculated base figure is lower than the FY 2000/2001 annual DBE participation goal of the Department. This appears to be primarily due to the reduction in the available certified DBE firms than in previous years, as a result of the recently imposed net worth limit that has resulted in formerly certified DBE firms not meeting the current DBE eligibility requirements. Additionally, the number of businesses overall has increased, which results in a lower proportion of DBE firms to the total number of businesses.

The data that is currently available does not provide a more accurate measurement of the "current capacity of DBE's" for the Riverside County market area than that which is described in Section II "Goal-Methodology". Therefore, no adjustment to the base figure is proposed.

## **2. Disparity Study Results**

No disparity studies have been found or are known to exist which reflect the Riverside County market. Therefore, no adjustment to the base figure is proposed.

## **3. Public Comment Period**

During the summer of 2001, the County of Riverside will publish its DBE program, goals and methodology and will accept comments from the public for a period of 45 days. Consideration will be given to modification of the annual goal based on substantive comments or information received from the public.

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**E. Goal Adjustment and Final Race-Conscious Goal:**

As described in sub-section D “Adjustments to the base figure”, no adjustments are proposed to the base goal that was calculated in Section II “Goal-Methodology”. Therefore, the final race-conscious goal is established at 3.4%.

**III. Utilization of Race-Neutral and Race-Conscious Methods**

The County of Riverside Transportation Department DBE attainment to-date for the current Federal Fiscal year is as follows:

FY 2000 / 2001 (Old DBE Program) (Effective 10/1/00 through 12/31/00)  
Annual Goal: 12.0%

FY 2000 / 2001 (New DBE Program) (Effective as of 1/1/01)  
Annual Goal: 4.45%

Cumulative Project Goal to-date: 10.67%

Cumulative Attainment to-date: 13.08%

**Cumulative Race-Neutral Attainment: 2.41%**

The difference between the cumulative DBE project goal to date and the cumulative attainment to date is 2.41%, which we attribute to the race-neutral methods that the County and its bidding contractors employ in their normal respective bidding practices.

The County has established a 2.41% Race-Neutral component of the annual goal.

**IV. Establishment of Goals**

The County of Riverside Transportation Department hereby establishes an annual overall DBE goal of 5.46% for Federal Fiscal Year 2001 / 2001. This annual goal is intended to be met through:

Race-Conscious Methods: 3.40%

Race-Neutral Methods: 2.41%

**Total Annual DBE Goal: 5.81%**

**Notes:**

- (1) NAICS means the “North American Industry Classification System”, as used by the United States Census Bureau.
- (2) Riverside, Los Angeles, Orange and San Bernardino Counties (Very few contractors bid on County contracts from outside of this four-County area).